



FEDERAL ENERGY MANAGEMENT ADVISORY COMMITTEE

Resolution 04-01

RECOMMENDATION

Members of the Federal Energy Management Advisory Committee (FEMAC) recommend the immediate and permanent reauthorization of Energy Savings Performance Contracts (ESPCs) to implement energy and water saving projects in Federal facilities.

In addition, FEMAC members strongly support:

- Expanded authority for stand-alone water conservation projects
- Elimination of the statutory requirement to send 50 percent of the savings to the Treasury
- Pilot testing use of ESPCs for non-building applications
- Further enhancements to improve ESPC program effectiveness

ISSUE

As a result of the October 1, 2003, sunset of the ESPC program, both public and private infrastructure for ESPC is in jeopardy. Recent estimates indicate that there are more than \$300 million worth of projects stalled due to the lapse in authority. Each day without ESPC authority puts the Federally mandated energy goals further out of reach, in addition to lost energy savings.

BACKGROUND

ESPCs and Utility Energy Service Contracts (UESCs) are alternative financing tools that Federal agencies use to reduce energy use, modernize aging equipment, reduce maintenance costs, and deploy renewable energy. ESPCs and UESCs make up more than half of the Federal building energy efficiency investment and are essential to the government's ability to achieve the 2005 and 2010 goals.

BENEFITS

ESPCs and UESCs played a vital role in helping the Federal Government meet or exceed energy efficiency goals between 1995 and 2000. The Department of Defense attributes more than 70 percent of its energy savings to the use of ESPCs and UESCs.

- ESPCs help agencies achieve healthier, safer, and more productive working conditions and make progress in meeting Federal energy, water, and emissions-reduction goals.
- ESPCs help the Federal government leverage private sector investment for untapped life cycle cost savings.
- ESPCs increase energy and water efficiency and reduce costs.
- ESPCs address energy security concerns.
- ESPCs help improve employee productivity and health.
- ESPCs help deploy renewables and innovative technologies.

It is the Federal Government's commitment to the economical use of public dollars, protection of the environment, and energy security, making ESPC authority a critical component to a balanced energy management strategy for improved energy efficiency and conservation at Federal facilities.

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